

SPECIAL NOTICE

March 8, 2006

For further information contact:
Telephone Information Center
1-800-647-7706 or (360) 705-6676

Alternate Formats (360) 705-6715
Teletype 1-800-451-7985

Farm Fuel Users – Sales and Use Tax Exemption

No sales or use tax is due on diesel fuel or aircraft fuel used for producing agricultural products by farmers and persons providing horticultural services for farmers (“farm fuel users”) effective March 6, 2006 (House Bill 2424).

Qualifying Fuels

- Diesel fuel as defined in 26 U.S.C. 4083, as amended or renumbered as of January 1, 2006. This includes clear diesel and red-dyed diesel.
- Aircraft fuel as defined in RCW 82.42.010(5).

Exempt Uses of Fuel

The exemption applies to diesel fuel used to produce agricultural products and provide horticultural services to farmers. Horticultural services include the following:

- Soil preparation services
 - Plowing
 - Weed control before planting
- Crop cultivation services
 - Planting
 - Thinning
 - Pruning
 - Spraying (including aerial applications)
 - Freeze control (wind machines and smudge pots)
- Crop harvesting services
 - Threshing grain
 - Mowing and baling hay
 - Picking fruit

Taxable Uses of Fuel

The exemption does not apply to uses other than producing agricultural products or providing horticultural services. Also, the exemption does not apply to any use of the fuel by someone other than a farm fuel user. Examples of taxable use include:

- Space or water heating for human habitation
- Generators for producing electrical power for human habitation
- Growing, raising, or producing agricultural products for a person's own consumption
- Transportation
- Aerial or other spray applications for timber
- Logging operations

Record Keeping Requirements for Fuel Buyers

To claim the sales tax exemption, a farm fuel user must give the seller a completed *Farmers' Retail Sales Tax Exemption Certificate*. A sample of the exemption certificate is attached to this notice. It is also available on the Department of Revenue's web site at <http://dor.wa.gov>.

Record Keeping Requirements for Fuel Sellers

Sellers must document tax exempt sales of red-dyed diesel and aircraft fuel by accepting the *Farmers' Retail Sales Tax Exemption Certificate* from the buyer and filing it with their business records for five years.

These sales are reported under the B&O tax, Retailing classification, and the retail sales tax line on the excise tax return. A **motor vehicle fuel sales deduction** is taken under the retail sales tax classification.

Fuel Tax Refunds

If you paid the "special fuel tax" on your purchase of diesel fuel and used the fuel for non-highway purposes, you are eligible for a refund of the special fuel tax. To get a refund, you must submit a request to the Department of Licensing's Fuel Tax Section.

Send your refund request to:

Fuel Tax Section
Washington Department of Licensing
PO Box 9228
Olympia, Washington 98507-9228
(360) 664-1838

We recommend that you include a completed *Farmers' Retail Sales Tax Exemption Certificate* with your fuel tax refund request, otherwise use tax may be deducted from your refund.

Note: The use tax exemption applies only on fuel purchases made on or after March 6, 2006. Fuel purchases made prior to March 6, 2006, will have the use tax deducted from fuel tax refunds.

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FARMERS' RETAIL SALES TAX EXEMPTION CERTIFICATE

Not to be used for purchases of feed, seed, seedlings, fertilizer, or spray materials (for these purchases, use a Resale Certificate)

Sellers who accept properly completed copies of this certificate in good faith are relieved of the responsibility to collect sales tax on the types of sales indicated. Certificates must be obtained at the time of the sale. Sellers must retain a copy of this certificate to document the exempt sale.

Seller _____ Date _____

Street Address _____ City _____ State _____ Zip Code _____

I, the undersigned buyer, certify that I am making an exempt purchase for the following reason:

CHECK APPLICABLE BOXES

1. ☐ Nonresident Farmer

Place of residence: _____ Proof of residence: _____

Equipment for use in a farming activity (*include brand, model, and address of use*) _____

2. ☐ Livestock for Breeding Purposes

Animal type: _____ Registered Breed Association: _____

Animal name: _____

3. ☐ Animal Pharmaceuticals

Animal pharmaceuticals (*include description*): _____

4. ☐ Chicken Farming (Eff. 9/20/01)

a. ☐ Propane or natural gas used to heat structures used to house chickens.

b. ☐ Bedding materials used to accumulate and facilitate the removal of chicken manure.

5. ☐ Reducing Agricultural Burning (*This exemption expires January 1, 2011*)

Items purchased: _____

☐ The farmer certifies that more than 50% of his/her tillable acres are in cereal grains and/or field grass and turf grass grown for seed in qualified counties. County _____

The retail sales tax exemption is available for these items or services:

- no-till drills
- discs
- power rakes
- combine component: straw choppers
- minimum-till drills
- cultivators
- balers
- combine component: chaff spreaders
- chisels
- harrows
- bale handlers
- combine component: stripper headers
- plows
- mowers
- shredders
- sprayers
- swathers
- transplanter
- Tractors (250 engine hp and over)
- The construction of sheds for the storage of hay.

6. ☐ Diesel fuel or aircraft fuel used by (*This certificate is effective for one year from the date of signature.*):

a. ☐ a farmer

b. ☐ a horticultural service provider for farmers

(Continued on back)

7. ☐ Agricultural Employee Housing

Items purchased: _____

The retail sales tax exemption is available for these items:

- Constructing, repairing, decorating, or improving of new or existing buildings or structures used as agricultural employee housing,
- Tangible personal property that becomes an ingredient or component of the buildings or other structures during the course of the construction, repairing, decorating, or improving.

Is the agricultural employee housing being built on agricultural land? ☐ Yes ☐ No

If yes, please provide parcel number: _____

➞ I, the undersigned buyer, understand that by completing and signing this certificate I am certifying that I qualify for the tax-exempt purchase(s) indicated above. I understand that I am required to keep records to verify eligibility for the exemption(s) and that I will be required to pay sales or use tax on purchases that do not qualify for the exemption(s) in addition to any applicable interest and penalties. This certificate is given with full knowledge of, and subject to, the legally prescribed penalties for fraud and tax evasion per RCW 82.32.090.

Name of Buyer: _____ UBI No.: _____

Authorized Signature: _____ Date: _____

Title: _____

***Seller must retain a copy of this certificate.
Do not send to Department of Revenue.***

INSTRUCTIONS

Buyers must ensure entitlement to the exemption before using this Certificate. *For information regarding exemptions, contact Washington State Department of Revenue Taxpayer Information Center at 1-800-647-7706 or visit the Department's web site at <http://dor.wa.gov>.*

Line 1 applies to machinery, implements, repair parts and labor purchased in this state by a nonresident for use in conducting a farming activity outside the state. The equipment must be transported outside the state immediately upon purchase. **Seller must examine and record buyer's proof of residency.** See WAC 458-20-239 for acceptable proof of residency. Reference: RCW 82.08.0268 and WAC 458-20-239.

Line 2 applies to the purchase of livestock for breeding purposes. "Livestock" is defined in RCW 16.36.005. The animal must be registered in a nationally recognized breed association. Reference: RCW 82.08.0259 and WAC 458-20-210.

Line 3 applies to the purchase of animal pharmaceuticals by farmers for the purposes of administering to an animal raised for sale by the farmer. Animal pharmaceuticals must be approved by the United States Food and Drug Administration or the United States Department of Agriculture. Reference: Chapter 17, Laws of 2001, 2nd Special Session.

Line 4a applies to the purchase of propane or natural gas used to heat structures used to house chickens. The chickens must be raised by a farmer and sold as agricultural products. Reference: Chapter 25, Laws of 2001, 2nd Special Session.

Line 4b applies to the purchase of bedding materials used to accumulate and facilitate the removal of chicken manure. The chickens must be raised by a farmer and sold as agricultural products. "Bedding materials" means wood shavings, straw, sawdust, shredded paper and other similar materials. Reference: Chapter 25, Laws of 2001, 2nd Special Session.

Line 5 applies to the purchase of the listed machinery, equipment, and structures by farmers of cereal grains and field and turf grass grown for seed. Reference: Chapter 420, Laws of 2005 and WAC 458-20-271.

Line 6 applies to the purchase by "farm fuel users" of diesel or aviation fuel. A "farm fuel user" is a farmer, or a person who provides horticultural services for farmers. Reference: House Bill 2424, signed March 6, 2006. RCW 82.04.213 and WAC 458-20-209.

Line 7 applies to the purchase by agricultural employers of materials and labor for use in constructing, repairing, decorating, or improving new or existing buildings or other structures that will be used to provide housing to the employer's agricultural employees. Reference: RCW 82.08.02745 and WAC 458-20-262.

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